IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

CAPITOL RECORDS, INC., *et al.*,

Plaintiffs,

vs.

JAMMIE THOMAS,

Defendant.

Case No.: 06cv1497-MJD/RLE

PLAINTIFFS' TRIAL BRIEF REGARDING DEFENDANT'S OBJECTIONS TO PLAINTIFFS' TRIAL EXHIBIT NO. 4

During the first day of trial, Defendant raised objections to the use of Plaintiffs' Trial Exhibit No. 4 which contains certain chain of title documents which were produced to Defendant nearly two years ago. Defendant objects to the use of this exhibit based on (i) an allegation that a written transfer is required under Section 204 of the Copyright Act for all copyright assignments and (ii) that the exhibit was disclosed late. For the reasons stated below, the Court should overrule both of Defendant's objections.

ARGUMENT

I. The Court Should Overrule Defendant's Section 204 Objection Because Defendant Lacks Standing To Assert A Section 204 Objection, and Plaintiffs Are Not Required To Submit Writings To Prove Ownership Of The Copyrights.

A. As A Threshold Matter, Defendant Lacks Standing To Dispute Ownership On The Basis Of Section 204.

Defendant does not have standing to use Section 204 of the Copyright Act to dispute ownership in this case. *See, e.g.* 3 Melville B. Nimmer and David Nimmer, *Nimmer on Copyright* § 10.03[A][3] (Matthew Bender Rev. Ed.). As the Seventh Circuit held in a 2003 copyright case where, as here, a defendant in a copyright infringement case attempted to invoke Section 204 to dispute ownership of a copyrighted work that had been assigned to the plaintiff:

> Defendant simply does not having standing under § 204. The statute is in the nature of a statute of frauds and is designed to resolve disputes among copyright owners and transferees . . . the chief purpose of section 204(a),(like the Statute of Frauds), is to resolve disputes between copyright owners and transferees and to protect copyright holders from persons mistakenly or fraudulently claiming oral licenses or copyright ownership . . . ***where there is no dispute between the copyright owner and the transferee about the status of the copyright, it would be unusual and unwarranted to permit a third-party infringer to invoke section 204(a) to avoid suit for copyright infringement***.

Billy-Bob Teeth v. Novelty, Inc., 329 F.3d 586, 592-593 (7th Cir. 2003) (emphasis provided, internal citations omitted), *cited with approval in Rottlund Co. v. Pinnacle Corp.*, No. 01-1980, 2004 U.S. Dist. LEXIS 16723, at *33-35 (D. Minn. Aug. 20, 2004) (holding that where there is no dispute between alleged owner and alleged assignee, "the cases are legion" in holding that a third-party infringer lacks standing to invoke section 204); *see also Imperial Residential Design, Inc. v. Palms Dev. Group, Inc.*, 70 F.3d 96, 99 (11th Cir. 1995) ("where there is no dispute between the copyright owner and the transferee about the status of the copyright, it would be unusual and unwarranted to permit a third-party infringer to invoke section 204(a) to avoid suit for copyright infringement"); *John G. Danielson, Inc, v. Winchester-Conant Props., Inc.*, 186 F. Supp.2d 1, 12-13 (D. Mass. 2002) ("[W]hen an author and a transferee do not dispute the ownership of a copyright interest, a third party may not raise the issue of copyright ownership as a defense to a claim that it infringed the copyright."); *Films by Jove, Inc. v. Berov*, 154 F. Supp.2d 432, 477-78 (E.D.N.Y. 2001) (rejecting the formal requirement under 204(a) of a "note or memorandum" where there was no dispute between the transferor and transferee); *Great Southern Homes, Inc. v. Johnson & Thompson Realtors,* 797 F. Supp. 609, 611 (M.D. Tenn. 1992) (holding that it "would disserve copyright law's purpose to permit [204(a)] to benefit an alleged wrongdoer" where the owner and transferee are in agreement, and particularly where they have joined as plaintiffs in the same lawsuit).

Here, Defendant is attempting to assert a Section 204 objection in the exact manner that the District of Minnesota and numerous other courts across the country have specifically rejected. Such an objection is, as the Seventh Circuit described, "unwarranted." *Billy-Bob Teeth*, *supra*. There is no dispute in this case between any transferor and transferee of the copyrights at issue, and Defendant's only connection to the copyrights is as a third party accused of infringing them. As such, Defendant has no standing to assert Section 204 in an effort to avoid liability for copyright infringement. The purpose of Section 204 was to create a Statute of Frauds defense for ownership of copyrights, not to give infringers a way to escape liability for their infringements. As a result, the Court should overrule Defendant's objection on this ground alone.

B. Plaintiffs Need Not Submit Writings To Prove Ownership In This Case.

All of the copyright transfers affecting the sound recordings at issue fall into one of two categories: transfers due to corporate merger, or transfers based on a corporate name change. For those transfers which occurred by virtue of corporate mergers, no memorandum of transfer is required. *See, e.g.*, Bruce P. Keller & Jeffrey P. Cunard, *Copyright Law: A Practitioner's Guide* § 3:6.1 (2007) ("The chief exception to the writing requirement is when a transfer occurs by operation of law--for example, when ownership passes by corporate merger and dissolution.").

Similarly, the remaining transfers which occurred simply because the copyright holder changed their corporate name do not require a writing as a matter of law. Under the Copyright Act, a "transfer of copyright ownership is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license." 17 U.S.C. § 101. However, "[a] mere change in the name of a corporation generally does not destroy the identity of the corporation, nor in any way affect its rights or liabilities . . . The nature and character of the corporation do not change, nor do the rights and liabilities of its shareholders." § 2456 Fletcher Cyclopedia of the Law of Private Corporations (2005). A change in corporate name, unlike an assignment, effects no transfer on the assets of the corporation and is accomplished merely by an amendment to the corporation's certificate of incorporation. Delaware General Corporation Law § 242(a) ("[A] corporation may amend its certificate of incorporation, from time to time, so as to change its corporate name.") A change of name by a corporation therefore "has no more effect upon the identity of the corporation than a change of name by a natural person has upon the identity of such person." § 2456 Fletcher Cyclopedia of the Law of Private Corporations (2005).

As a result, even if Defendant had standing to raise Section 204, which she plainly does not, Plaintiffs do not need to produce written transfers to prove their ownership of the copyrights at issue.

II. The Court Should Overrule Defendant's Other Objections To Plaintiffs' Exhibit 4.

Defendant next objects to Plaintiffs' Exhibit 4 based on the timing of Plaintiffs' designation of the exhibit. The Court should overrule this objection because there is no prejudice to Defendant and because there is good cause for the designation of this Exhibit.

Courts regularly exercise discretion to overrule objections like the one made by Defendant where there is no prejudice and where there is good cause for the disclosure. *See Banghart v. Origoverken, A.B.*, 49 F.3d 1304 (8th Cir. 1995) ("it was not an abuse of discretion for the district court to conclude that [defendant's] failure to comply with the local rule did not result in substantial prejudice so as to render the [evidence]s inadmissible."). In *SCO Group, Inc. v. Novell, Inc.*, 2007 U.S. Dist. LEXIS 67598, at *3-10 (D. Utah 2007), the Court allowed a defendant to use 187 exhibits at trial that were designated three weeks after the pretrial disclosure deadline. Most of the trial exhibits had been previously disclosed in discovery. The reason for the late disclosures stemmed from a court ruling one week after the pretrial designation deadline. *Id*. The court considered four factors in determining that the late designation of exhibits was harmless: (1) the prejudice or surprise to the party against whom the testimony is offered; (2) the ability of the party to cure the prejudice; (3) the extent to which introducing such testimony would disrupt the trial; and (4) the moving party's bad faith or willfulness. *Id*., *citing Woodworker's Supply, Inc. v. Principal Mut. Life Ins. Co.*, 170 F.3d 985 (10th Cir. 1999). The court held that there was no bad faith or willfulness on the defendant's part because the late designations stemmed from the court's order after the designation deadline. The court also found that allowing the documents would not disrupt the trial. While there were many exhibits at issue, the court concluded that the prior disclosure of the documents mitigated any prejudice. *See also Hotaling v. Chubb Sovereign Life Ins. Co.*, 241 F.3d 572, 578-579 (7th Circ. 2001) (district court did not abuse its discretion in allowing Chubb to introduce as a trial exhibit insurance policy and premium information which had not been designated until one week before trial, which was after the court's discovery deadline contained in its final pretrial order, where the documents were relevant to the issues at trial and did not constitute "a shift in tactics or a surprise defense").

Here, like *SCO Group*, Plaintiffs' disclosure of trial exhibit 4 after the pretrial designation deadline is harmless. First, Plaintiffs produced these documents to Defendant nearly two years ago, so there is no surprise to Defendant nor can she claim any prejudice from their use at trial. Second, the use of the exhibit would in no way disrupt trial where Plaintiffs are seeking to use a limited set of documents purely to demonstrate name changes and corporate restructuring establishing copyright ownership. Finally, there is no bad faith or willfulness in the disclosure of the exhibit after the disclosure deadline. The only reason that Plaintiffs did not initially list these chain of title documents as an exhibit for the retrial was because Defendant had never previously challenged ownership through name changes and corporate succession. On June 8, 2009, the Court informed the parties that its "Order granting a new trial in this matter granted an entirely new trial on all issues." (Doc. No. 304.) After the Court issued this ruling, Plaintiffs contacted Defendant to designate the chain of title documents – which had been in her possession since 2007 – as a trial exhibit. Indeed, Defendant's conduct is pure gamesmanship – Defendant asserts new objections for the first time just days before trial, and then seeks to preclude Plaintiffs from introducing evidence already in Defendant's possession to satisfy these objections. The Court should overrule this objection.

Respectfully submitted this 15th day of June 2009.

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